



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
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MEMORANDUM FOR DISTRIBUTION

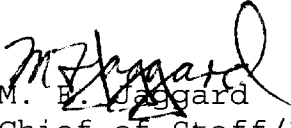
Subj: DEPARTMENT OF THE NAVY'S REVERSE AUCTIONING PROCESS

Ref: (a) NAVAUDSVC Audit Report N2003-0030 dated 5 March 2003

Reference (a) provided the results of the Naval Audit Service's (NAVAUDSVC) evaluation of the use and effectiveness of the reverse auctioning process within the Navy and the Marine Corps. Based on its review, the NAVAUDSVC determined that although the reverse auctioning process has significant benefits, the process is not fully implemented throughout the Navy and Marine Corps due to a lack of visibility and a standardized process. Accordingly, we agreed to provide information to Navy Program Executive Officers and Program Managers to familiarize them with the reverse auctioning process and encourage its use in appropriate circumstances.

A reverse auction is a real time, downward price, interactive process among offerors competing to provide supplies or services to the Government. Since this technique is a standard commercial practice for many commodities and its use in the commercial marketplace is growing, it is important that acquisition personnel become familiar with its complexities and use it in those situations where it makes sense. In those instances where the reverse auctioning process will be used, applicable acquisition plans should be adequately documented. To facilitate this, a Reverse Auction Guidebook is available on the Naval Logistics Library, as NAVSUP Publication 729, at <http://www.nll.navsup.navy.mil>. The Guidebook provides guidelines, lessons learned, and sample contract clauses for reverse auctions. In addition, valuable information on hosting/participating in reverse auctions, including best practices, is available at <http://www.auctions.navy.mil>.

Please ensure that this memorandum gets widespread distribution.


M. E. Jaggard
Chief of Staff/Policy
for DASN(ACQ)

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